

CITY OF PONCHATOULA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

City of Ponchatoula, Louisiana
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For the Year Ended June 30, 2014

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October 14, 2014

Independent Auditor's Report

The Honorable Robert F. Zabbia, Mayor
and City Council Members
City of Ponchatoula, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana, as of June 30, 2014, and the respective changes in financial position and,

where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 11 and 47 – 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ponchatoula, Louisiana's basic financial statements. The combining and individual non-major fund financial statements and the schedule of compensation of paid elected officials are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of compensation of paid elected officials are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of compensation of paid elected officials are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2014, on our consideration of the City of Ponchatoula, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ponchatoula, Louisiana's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

**Required Supplementary Information (Part I):
Management's Discussion and Analysis**

City of Ponchatoula, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2014

As management of the City of Ponchatoula, Louisiana (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. This Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is designed to provide readers with a broad overview of City finances. It is also intended to provide readers with an analysis of the short and long-term activities of the City based on information presented in this financial report, as well as fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The City has presented its financial statements under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. This reporting model significantly changed the presentation of financial data and also the manner in which the information is recorded. Prior year comparative information for this reporting period has been included in this MD&A, along with a narrative of the changes expected from one year to the next.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplementary Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Supplementary Information, which is in addition to the basic financial statements themselves.

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business.

- A. The Statement of Net Position presents information on all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening.
- B. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the City into:

Governmental activities that are principally supported by taxes and intergovernmental revenues, and

Business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Net Position on Statement A of this report.

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current and Other Assets	\$ 9,435,610	\$ 8,739,800	\$ 695,810	7.96%
Capital Assets	<u>14,533,848</u>	<u>14,570,794</u>	<u>(36,946)</u>	-0.25%
Total Assets	<u>\$ 23,969,458</u>	<u>\$ 23,310,594</u>	<u>\$ 658,864</u>	2.83%
Liabilities				
Current Liabilities	\$ 450,561	\$ 763,020	\$ (312,459)	-40.95%
Long-Term Debt	<u>349,969</u>	<u>283,299</u>	<u>66,670</u>	23.53%
Total Liabilities	<u>\$ 800,530</u>	<u>\$ 1,046,319</u>	<u>\$ (245,789)</u>	-23.49%
Net Position				
Net Investment in Capital Assets	\$ 14,475,197	\$ 14,559,589	\$ (84,392)	-0.58%
Restricted Net Position	1,931,026	1,639,968	291,058	17.75%
Unrestricted Net Position	<u>6,762,705</u>	<u>6,064,718</u>	<u>697,987</u>	11.51%
Total Net Position	<u>\$ 23,168,928</u>	<u>\$ 22,264,275</u>	<u>\$ 904,653</u>	4.06%

The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$23,168,928 (net position), an increase of \$904,653 over last year. Of the total amount, \$6,762,705 is unrestricted net position. The City's net position is comprised of \$11,915,643 from governmental activities and \$11,253,285 from business-type activities, as shown on Statement A.

By far the largest portion of the City's net position (62.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,762,705 of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

At the end of the current fiscal year, the City reported positive balances in all three categories of net position, for the government as a whole. The same situation held true for the prior ten fiscal years.

To further understand what makes up the changes in net position, the following table provides a summary of the results of the City's operating activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For a more detailed analysis, see the Statement of Activities on Statement B of this report.

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,757,194	\$ 1,745,134	\$ 12,060	0.69%
Grants and Contributions	471,136	1,123,487	(652,351)	-58.06%
General Revenues:				
Taxes	3,874,308	3,521,545	352,763	10.02%
Other	<u>1,356,456</u>	<u>1,296,033</u>	<u>60,423</u>	4.66%
Total Revenues	<u>7,459,094</u>	<u>7,686,199</u>	<u>(227,105)</u>	-2.95%
Expenses:				
Governmental Activities	5,524,723	5,530,408	(5,685)	-0.10%
Business-Type Activities	<u>1,274,746</u>	<u>1,066,841</u>	<u>207,905</u>	19.49%
Total Expenses	<u>6,799,469</u>	<u>6,597,249</u>	<u>202,220</u>	3.07%
Change in Net Position	<u>659,625</u>	<u>1,088,950</u>	<u>(429,325)</u>	-39.43%
Net Position:				
Beginning of the Year, Original	22,264,275	21,175,325	1,088,950	5.14%
Prior Period Adjustment	<u>245,028</u>	<u>-</u>	<u>245,028</u>	-
Beginning of the Year, Restated	<u>22,509,303</u>	<u>21,175,325</u>	<u>1,333,978</u>	6.30%
End of the Year	<u>\$ 23,168,928</u>	<u>\$ 22,264,275</u>	<u>\$ 904,653</u>	4.06%

Taxes increased by \$352,763 as a result of sales taxes and property taxes increasing by \$349,010 and \$3,753, respectively. Other general revenues increased by \$60,423. This was due to increases in licenses and permits, franchise fees, and other revenues of \$82,075, \$32,908, \$16,828, respectively, and decreases in intergovernmental revenues of \$71,388.

Governmental Activities

The governmental activities of the City include General Government, Public Safety, Public Works, Cemetery, Culture and Recreation, Community Development, and Miscellaneous Programs. Sales taxes, property taxes, franchise taxes, licenses, permits, and fines fund most of these governmental activities.

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

Here we show the City's expenditures related to those functions typically associated with governments. In the chart below, General Government includes the following departments: Legislative (City Council), Judicial, Executive, Financial, Building, and other General Administration. Public Safety encompasses the Police and Fire departments. Public Works is made up of the Street and Sanitation departments. Culture and Recreation contain the City's parks as well as Community Center activities. Community Development consists of Main Street and the Industrial Park.

<u>Governmental Expenditures</u>	<u>Amount</u>	<u>Percentage</u>
General Government	\$ 1,011,474	18.31%
Public Safety	2,659,151	48.13%
Public Works	1,532,092	27.73%
Cemetery	38,101	0.69%
Culture and Recreation	249,538	4.52%
Community Development	17,350	0.31%
Miscellaneous Programs	17,017	0.31%
Total Governmental Activities	\$ 5,524,723	100.00%

General revenues are those available for the City to use to pay for the governmental activities described above:

<u>Governmental Revenues</u>	<u>Amount</u>	<u>Percentage</u>
Sales Taxes	\$ 3,106,238	59.44%
Property Taxes	768,070	14.70%
Licenses and Permits	645,413	12.35%
Franchise Fees	268,965	5.15%
Intergovernmental Revenues	331,411	6.34%
Miscellaneous	108,724	2.08%
Interfund Transfers	(359)	-0.01%
Gain / (Loss) on Disposition of Assets	(2,586)	-0.05%
Total Governmental Activities	\$ 5,225,876	100.00%

Sales taxes are the largest revenue source for the City comprising 59.44% of total general governmental revenue. Property taxes are the second largest revenue source for the City accounting for 14.70% of total general governmental revenue. For the year ended June 30, 2014, taxes of 16.52 mills were levied on property inside of the City limits. An original 10-mill tax was passed in 1990 to be used for policemen pay, firemen pay, and to purchase equipment for both departments.

	<u>2014 Taxes</u>		<u>2013 Taxes</u>	
	<u>Levied</u>	<u>Mills</u>	<u>Levied</u>	<u>Mills</u>
General Fund	\$ 306,525	6.52	\$ 302,710	6.52
Policemen Pay Millage Fund	282,078	6.00	278,567	6.00
Firemen Pay Millage Fund	94,026	2.00	92,856	2.00
Equipment Millage Fund	94,026	2.00	92,856	2.00
Total Property Taxes Levied	\$ 776,655	16.52	\$ 766,989	16.52

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

Business-Type Activities

The business-type activities of the City are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. Only the City's water and sewer departments are reported here:

<u>Charges for Services</u>	<u>Sewer</u>	<u>Water</u>
Fiscal Year Ended June 30, 2014	\$ 897,511	\$ 303,529
Fiscal Year Ended June 30, 2013	861,912	338,777
Increase (Decrease) Between Years	<u>\$ 35,599</u>	<u>\$ (35,248)</u>

<u>Operating Expenses</u>	<u>Sewer</u>	<u>Water</u>
Fiscal Year Ended June 30, 2014	\$ 899,600	\$ 375,146
Fiscal Year Ended June 30, 2013	734,953	331,888
(Decrease) Increase Between Years	<u>\$ 164,647</u>	<u>\$ 43,258</u>

2. FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- A. Governmental funds are used to account for most of the City's basic services and are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds, and the balances left at year end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on Statements D and F.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and 1965 Sales Tax Fund, which are considered to be major funds. Data from the other governmental funds (Mausoleum Trust Fund, Firemen Pay Millage Fund, Policemen Pay Millage Fund, Equipment Millage Fund, and Cemetery Endowment Fund) are

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

combined into a single, aggregated presentation. These basic governmental fund financial statements can be found on Statements C and E of this report. The summary of the non-major funds is found on Schedules 3 and 4.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,662,883, an increase of \$951,156 over June 30, 2013. In the General Fund, the unassigned fund balance is \$4,731,857, as shown on Statement C.

At June 30, 2014, the City had a fund balance of \$1,459,179 in the 1965 Sales Tax Fund to provide for constructing, acquiring, extending, improving, and / or maintaining drainage facilities, streets, sidewalks, public buildings; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements, and facilities; and maintaining and operating garbage collection facilities.

The amounts in the Policemen and Firemen Pay Millage Funds have been earmarked by public election to be used only towards salaries for these departments. The total amount collected this fiscal year will be transferred to the General Fund in the next fiscal year to pay a portion of the total salaries of the City's policemen and firemen. In addition, monies in the Equipment Millage Fund are only to be spent on equipment for the police and fire departments.

Fund Balance in the City's Major Funds:

<u>Fund Balance Date</u>	<u>General Fund</u>	<u>1965 Sales Tax Fund</u>
June 30, 2014	\$ 4,731,857	\$ 1,459,179
June 30, 2013	4,138,836	1,134,686
Change in Fund Balance	<u>\$ 593,021</u>	<u>\$ 324,493</u>

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Other Supplementary Information portion of this report, beginning on Schedule 3.

- B. Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on Statements G, H and I.

3. NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages indicated in the table of contents.

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

4. SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and certain other supplementary information. Required supplementary information can be found on Schedules 1 and 2 of this report.

- A. Budgetary Comparison Information – The City adopts an annual appropriated budget for its general fund, sales tax fund, and millage funds for police and fire department pay, as well as for equipment for both departments. A budgetary comparison statement has been provided for the City's major funds to demonstrate compliance, on Schedules 1 and 2.
- B. Significant variations from the general fund's original budget amounts and final budget amounts are as follows:
- Intergovernmental revenues were decreased by \$444,906 due to a decrease in expected grant revenues.
 - Public Works expenditures were decreased by \$1,141,815 due to a decrease in various expected expenditures.

There were no significant variations between the general fund's final budget amounts and actual amounts.

Combining Statements of the Non-Major Governmental Funds – Special Revenue Funds (Mausoleum Trust Fund, Firemen Pay Millage Fund, Policemen Pay Millage Fund, and Equipment Millage Fund), and the Permanent Fund (Cemetery Endowment) have been provided beginning on Schedule 3.

Capital Asset and Debt Administration

1. CAPITAL ASSETS

The City's capital assets, net of accumulated depreciation, as of June 30, 2014, in its governmental activities is \$5,355,681 and in business-type activities is \$9,178,167, which totals \$14,533,848 for the City. Capital assets include land, construction in progress, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total change in the City's capital assets for the current fiscal year was a \$290,566 decrease for governmental activities and a \$253,620 increase for business-type activities.

Major capital asset additions during the current fiscal year included the following:

- A. Police fleet additions of \$137,495.
- B. Construction on sewer system improvements and water well and tower improvements of \$479,401.
- C. Park Improvements of \$30,377.
- D. Sidewalks and additions and improvements to the Maintenance Yard of \$59,615.

Additional information on the City's capital assets can be found in Note 6.

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

2. LONG-TERM DEBT

At the end of the current fiscal year, the City had no bond debt outstanding.

3. CAPITAL LEASES

At the end of the current fiscal year, the City had capital leases outstanding of \$102,921. The entire amount of the leases was used to purchase new police vehicles. Additional information concerning this lease can be found in Note 9.

Economic Factors and Next Year's Budget

The following factors were considered in preparing the City's budget for the 2015 fiscal year:

- Again, as in the past, sales tax collections are the City's largest revenue source. In reviewing fiscal year 2014's collections, it was noted that overall receipts were \$114,000 over the budget projection. Projected collections for fiscal year 2015, including sales tax from Wal-Mart, were increased by \$762,000.
- The City expects to continue receiving grant funding to complete construction projects begun during 2012. These projects include tower improvements, repairs, and painting.
- During the budget planning process, funds have been designated for certain capital outlays. Those outlays include a new fleet of police vehicles, as well as funds for continued improvements to the City's sewer and water infrastructure.
- Also included for Capital Improvements were monies for LA 22 Lighting Survey, and Demolition of Police Annex.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Cheryl Hoover, Finance Manager, 125 West Hickory Street, Ponchatoula, Louisiana 70454.

**Basic Financial Statements –
Government-Wide Financial Statements**

City of Ponchatoula, Louisiana
Statement of Net Position
June 30, 2014

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & Cash Equivalents	\$ 3,632,639	\$ 2,154,133	\$ 5,786,772
Investments	2,040,143	173,210	2,213,353
Receivables, Net	999,586	100,971	1,100,557
Internal Balances	291,310	(291,310)	-
Restricted Cash and Cash Equivalents	-	127,094	127,094
Restricted Investments	-	207,834	207,834
Capital Assets, Net	<u>5,355,681</u>	<u>9,178,167</u>	<u>14,533,848</u>
Total Assets	<u><u>\$ 12,319,359</u></u>	<u><u>\$ 11,650,099</u></u>	<u><u>\$ 23,969,458</u></u>
Liabilities			
Accounts Payable	\$ 167,278	\$ 85,697	\$ 252,975
Accrued Liabilities	133,517	19,799	153,316
Non-Current Liabilities:			
Due Within One Year	44,270	-	44,270
Due in More Than One Year	58,651	-	58,651
Payable from Restricted Assets:			
Utility Meter Deposits	<u>-</u>	<u>291,318</u>	<u>291,318</u>
Total Liabilities	<u><u>\$ 403,716</u></u>	<u><u>\$ 396,814</u></u>	<u><u>\$ 800,530</u></u>
Net Position			
Net Investment in Capital Assets	\$ 5,297,030	\$ 9,178,167	\$ 14,475,197
Restricted for:			
Cemetery / Mausoleum	95,663	-	95,663
Dedicated Sales Tax Usage	1,459,179	-	1,459,179
Dedicated Ad Valorem Tax Usage	376,184	-	376,184
Unrestricted	<u>4,687,587</u>	<u>2,075,118</u>	<u>6,762,705</u>
Total Net Assets	<u><u>\$ 11,915,643</u></u>	<u><u>\$ 11,253,285</u></u>	<u><u>\$ 23,168,928</u></u>

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statement of Activities
For the Year Ending June 30, 2014

Exhibit B

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues & Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,011,474	\$ -	\$ -	\$ -	\$ (1,011,474)	\$ -	\$ (1,011,474)
Public Safety	2,659,151	140,721	51,039	-	(2,467,391)	-	(2,467,391)
Public Works	1,532,092	415,433	-	15,500	(1,101,159)	-	(1,101,159)
Cemetery	38,101	-	-	-	(38,101)	-	(38,101)
Culture and Recreation	249,538	-	-	-	(249,538)	-	(249,538)
Community Development	17,350	-	-	-	(17,350)	-	(17,350)
Miscellaneous Programs	17,017	-	-	-	(17,017)	-	(17,017)
Total Governmental Activities	5,524,723	556,154	51,039	15,500	(4,902,030)	-	(4,902,030)
Business-Type Activities:							
Sewer	899,600	897,511	-	63,262	-	61,173	61,173
Water	375,146	303,529	-	341,335	-	269,718	269,718
Total Business-Type Activities	1,274,746	1,201,040	-	404,597	-	330,891	330,891
Total	\$ 6,799,469	\$ 1,757,194	\$ 51,039	\$ 420,097	(4,902,030)	330,891	(4,571,139)
General Revenues:							
Sales Taxes					3,106,238	-	3,106,238
Property Taxes					768,070	-	768,070
Licenses and Permits					645,413	-	645,413
Franchise Fees					268,965	-	268,965
Intergovernmental Revenues					331,411	-	331,411
Miscellaneous					108,724	4,529	113,253
Interfund Transfers					(359)	359	-
Gain / (Loss) on Disposition of Assets					(2,586)	-	(2,586)
Total General Revenues					5,225,876	4,888	5,230,764
Change in Net Position					323,846	335,779	659,625
Net Position - Beginning of the Year, Originally Stated					11,346,769	10,917,506	22,264,275
Prior Period Adjustment					245,028	-	245,028
Net Position - Beginning of the Year, Restated					11,591,797	10,917,506	22,509,303
Net Position - End of the Year					\$ 11,915,643	\$ 11,253,285	\$ 23,168,928

The accompanying notes are an integral part of these financial statements.

**Basic Financial Statements –
Fund Financial Statements**

City of Ponchatoula, Louisiana
Balance Sheet – Governmental Funds
June 30, 2014

Exhibit C

		<u>Special Revenue Fund</u>		
	<u>General Fund</u>	<u>1965 Sales Tax Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 2,925,389	\$ 321,308	\$ 385,942	\$ 3,632,639
Investments	1,168,798	790,704	80,641	2,040,143
Receivables, Net				
Sales Taxes	349,438	349,438	-	698,876
Franchise Taxes	66,441	-	-	66,441
Garbage Collection Fees	36,603	-	-	36,603
Other Receivables	197,666	-	-	197,666
Due from Other Funds	291,310	-	5,264	296,574
Total Assets	<u>5,035,645</u>	<u>1,461,450</u>	<u>471,847</u>	<u>6,968,942</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	165,007	2,271	-	167,278
Accrued Liabilities	133,517	-	-	133,517
Due to Other Funds	5,264	-	-	5,264
Total Liabilities	303,788	2,271	-	306,059
Fund Balance:				
Nonspendable	-	-	54,907	54,907
Restricted, Reported in				
Special Revenue Funds	-	1,459,179	416,940	1,876,119
Unassigned	4,731,857	-	-	4,731,857
Total Fund Balances	<u>4,731,857</u>	<u>1,459,179</u>	<u>471,847</u>	<u>6,662,883</u>
Total Liabilities and Fund Balances	<u>\$ 5,035,645</u>	<u>\$ 1,461,450</u>	<u>\$ 471,847</u>	<u>\$ 6,968,942</u>

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
For the Year Ended June 30, 2014

Exhibit D

Fund Balances - Total Governmental Funds (Exhibit C)	\$ 6,662,883
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	14,961,789
Less: Accumulated Depreciation	(9,606,108)

Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Capital Leases	<u>(102,921)</u>
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Net Position of Governmental Activities (Exhibit A)	<u>\$ 11,915,643</u>
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The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Year Ended June 30, 2014

Exhibit E

	General Fund	Special Revenue Fund 1965 Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales Taxes	\$ 1,553,119	\$ 1,553,119	\$ -	\$ 3,106,238
Property Taxes	301,970	-	466,100	768,070
Intergovernmental Revenue	397,950	-	-	397,950
Licenses and Permits	645,413	-	-	645,413
Sanitation Service Fees	415,433	-	-	415,433
Franchise Fees	268,965	-	-	268,965
Fines and Forfeitures	140,721	-	-	140,721
Other Revenues	96,674	-	-	96,674
Interest Income	9,240	2,229	581	12,050
Total Revenues	3,829,485	1,555,348	466,681	5,851,514
Expenditures:				
Current:				
General Government	979,551	9,269	-	988,820
Public Safety	2,542,764	-	196,544	2,739,308
Public Works	1,285,942	-	-	1,285,942
Cemetery	38,101	-	-	38,101
Culture and Recreation	213,958	-	-	213,958
Community Development	6,664	-	-	6,664
Miscellaneous Programs	14,205	-	-	14,205
Total Expenditures	5,081,185	9,269	196,544	5,286,998
Excess (Deficiency) of Revenues Over Expenditures	(1,251,700)	1,546,079	270,137	564,516
Other Financing Sources (Uses):				
Transfers In	1,717,000	-	-	1,717,000
Transfers Out	(359)	(1,344,100)	(372,900)	(1,717,359)
Proceeds from Capital Leases	-	-	136,405	136,405
Sale of Capital Assets	5,566	-	-	5,566
Total Other Financing Sources (Uses)	1,722,207	(1,344,100)	(236,495)	141,612
Change in Fund Balances	470,507	201,979	33,642	706,128
Fund Balances:				
Beginning of the Year,				
Originally Stated	4,138,836	1,134,686	438,205	5,711,727
Prior Period Adjustment	122,514	122,514	-	245,028
Beginning of the Year, Restated	4,261,350	1,257,200	438,205	5,956,755
End of the Year	\$ 4,731,857	\$ 1,459,179	\$ 471,847	\$ 6,662,883

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Exhibit F

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$	706,128
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged in the current period exceeded capital outlay.		(282,414)
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Losses on the disposal of assets reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(8,152)
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The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds and increases long-term liabilities in the statement of net position. Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of Long-Term Debt		(136,405)
Payment of Long-Term Debt		<u>44,689</u>

Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>323,846</u>
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The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statements of Net Position – Proprietary Funds
June 30, 2014 and 2013

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2014	2013
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 1,826,234	\$ 327,899	\$ 2,154,133	\$ 1,293,594
Investments	75,958	97,252	173,210	173,188
Accounts Receivable, Net	73,581	27,390	100,971	1,001,785
Total Current Assets	1,975,773	452,541	2,428,314	2,468,567
Non-Current Assets:				
Restricted Assets:				
Cash and Cash Equivalents:				
Water Fund - Meter Deposits	-	127,094	127,094	142,603
Investments:				
Water Fund - Meter Deposits	-	207,834	207,834	207,773
Total Restricted Assets	-	334,928	334,928	350,376
Capital Assets:				
Property, Plant, and				
Equipment, at Cost	9,178,616	5,347,068	14,525,684	13,920,241
Less: Accumulated Depreciation	(3,980,382)	(1,591,898)	(5,572,280)	(5,216,029)
Land	3,170	221,593	224,763	220,335
Total Capital Assets	5,201,404	3,976,763	9,178,167	8,924,547
Total Assets	\$ 7,177,177	\$ 4,764,232	\$ 11,941,409	\$ 11,743,490

(Continued)

City of Ponchatoula, Louisiana
Statements of Net Position – Proprietary Funds (Continued)
June 30, 2014 and 2013

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2014	2013
Liabilities and Net Position				
Liabilities:				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	\$ 28,116	\$ 57,581	\$ 85,697	\$ 531,966
Accrued Liabilities	10,357	9,442	19,799	8,282
Due to Other Funds	<u>51,004</u>	<u>240,306</u>	<u>291,310</u>	<u>2,437</u>
Total Current Liabilities (Payable from Current Assets)	89,477	307,329	396,806	542,685
Current Liabilities (Payable from Restricted Assets):				
Member Deposits	<u>-</u>	<u>291,318</u>	<u>291,318</u>	<u>283,299</u>
Total Current Liabilities (Payable from Restricted Assets)	-	291,318	291,318	283,299
Total Liabilities	89,477	598,647	688,124	825,984
Net Position:				
Net Investment in Capital Assets	5,201,404	3,976,763	9,178,167	8,924,547
Unrestricted	<u>1,886,296</u>	<u>188,822</u>	<u>2,075,118</u>	<u>1,992,959</u>
Total Net Position	<u>7,087,700</u>	<u>4,165,585</u>	<u>11,253,285</u>	<u>10,917,506</u>
Total Liabilities and Net Position	<u>\$ 7,177,177</u>	<u>\$ 4,764,232</u>	<u>\$ 11,941,409</u>	<u>\$ 11,743,490</u>

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statements of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
For the Years Ended June 30, 2014 and 2013

Exhibit H

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2014	2013
Operating Revenues:				
Charges for Services	\$ 897,511	\$ 303,529	\$ 1,201,040	\$ 1,200,689
Total Operating Revenues	897,511	303,529	1,201,040	1,200,689
Operating Expenses:				
Depreciation and Amortization	277,237	80,294	357,531	284,587
Salaries and Employee Benefits	206,021	67,674	273,695	249,747
Repairs and Maintenance	245,168	56,601	301,769	214,576
Utilities and Telephone	106,256	61,586	167,842	144,916
Supplies	14,239	39,227	53,466	59,507
Professional Fees	21,265	45,316	66,581	54,518
Environmental Testing	17,066	7,854	24,920	23,766
Insurance	10,446	15,795	26,241	19,145
Bad Debt Adjustment	-	-	-	10,572
Vehicle Expense	1,299	39	1,338	3,610
Miscellaneous	603	760	1,363	1,897
Total Operating Expenses	899,600	375,146	1,274,746	1,066,841
Operating Income (Loss)	(2,089)	(71,617)	(73,706)	133,848
Non-Operating Revenues				
(Expenses):				
Investment Income (Loss)	2,254	2,275	4,529	905
Capital Grants	63,262	341,335	404,597	1,052,333
Transfers In	359	-	359	-
Interest Expense	-	-	-	-
Total Non-Operating Revenues (Expenses)	65,875	343,610	409,485	1,053,238
Change in Net Position	63,786	271,993	335,779	1,187,086
Net Position:				
Beginning of the Year	7,023,914	3,893,592	10,917,506	9,730,420
End of the Year	\$ 7,087,700	\$ 4,165,585	\$ 11,253,285	\$ 10,917,506

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statements of Cash Flows – Proprietary Funds
For the Years Ended June 30, 2014 and 2013

Exhibit I

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2014	2013
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 901,412	\$ 318,454	\$ 1,219,866	\$ 1,206,577
Payments to Suppliers	(398,163)	(169,597)	(567,760)	(547,169)
Payments to Employees	(199,002)	(63,176)	(262,178)	(215,838)
Net Cash Provided by (Used in) Operating Activities	304,247	85,681	389,928	443,570
Cash Flows From Noncapital Financing Activities:				
Interfund Transfers and Borrowings	48,597	240,276	288,873	2,437
Net Cash Provided by (Used in) Noncapital Financing Activities	48,597	240,276	288,873	2,437
Cash Flows From Capital and Related Financing Activities:				
Construction of Capital Assets	(130,221)	(1,002,600)	(1,132,821)	(861,204)
Capital Grants	441,755	852,849	1,294,604	162,326
Net Cash Provided by (Used in) Capital and Related Financing Activities	311,534	(149,751)	161,783	(698,878)
Cash Flows From Investing Activities:				
Interest Earned on Investments	2,254	2,275	4,529	4,124
Sale (Purchase) of Investments, Net	(22)	(61)	(83)	219,922
Net Cash Provided by (Used in) Investing Activities	2,232	2,214	4,446	224,046
Net Increase (Decrease) in Cash	666,610	178,420	845,030	(28,825)
Cash and Cash Equivalents - Beginning of the Year	1,159,624	276,573	1,436,197	1,465,022
Cash and Cash Equivalents - End of the Year	\$ 1,826,234	\$ 454,993	\$ 2,281,227	\$ 1,436,197
Reconciliation of Cash Accounts:				
Unrestricted Cash and Cash Equivalents	\$ 1,826,234	\$ 327,899	\$ 2,154,133	\$ 1,293,594
Restricted Cash and Cash Equivalents	-	127,094	127,094	142,603
Cash and Cash Equivalents - End of the Year	\$ 1,826,234	\$ 454,993	\$ 2,281,227	\$ 1,436,197

City of Ponchatoula, Louisiana
Statements of Cash Flows – Proprietary Funds (Continued)
For the Years Ended June 30, 2014 and 2013

Exhibit I

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2014	2013
Reconciliation of Operating Income (Loss) to Net Cash Provided				
(Used) by Operating Activities:				
Operating Income (Loss)	\$ (2,089)	\$ (71,617)	\$ (73,706)	\$ 133,848
Adjustments to Reconcile Operating Loss to Net Cash Provided				
(Used) in Operating Activities:				
Depreciation and Amortization	277,237	80,294	357,531	284,587
Provision for Bad Debts	(18,978)	(24,058)	(43,036)	10,572
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	22,879	30,964	53,843	100
Increase (Decrease) in Accounts Payable	18,179	57,581	57,581	9,937
Increase (Decrease) in Accrued Liabilities	7,019	4,498	11,517	(1,262)
Increase (Decrease) in Meter Deposits	-	8,019	8,019	5,788
Net Cash Provided By (Used In) Operating Activities	\$ 304,247	\$ 85,681	\$ 389,928	\$ 443,570
Supplemental Disclosure of Cash Flow Information:				
Interest Paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

City of Ponchatoula, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2014

Narrative Profile

The City of Ponchatoula, Louisiana (the “City”) was first incorporated on February 12, 1861. Upon the City's acceptance of the provisions of Act 136 enacted on July 29, 1898, it became governed under the Lawrason Act. The City operates under a Mayor-City Council form of government. The Mayor is elected for a four-year term. The City Council consists of five council members, each elected from a separate district in the City and each serving a four-year term of office. The Mayor and each member of the City Council are compensated for their service to the City. The City is located north of New Orleans, Louisiana, and east of Baton Rouge, Louisiana, at the intersections of Interstate Highway 55 and Interstate Highway 12. The population of the City, according to the most recent census taken in 2010, is 6,559. The City currently serves approximately 2,800 commercial and residential utility customers. The City provides the following services: public safety (police and fire), streets, drainage, sanitation, culture / recreation, public improvements, planning and zoning, and general and administrative services. Other services include water and sewer utilities. The City presently maintains approximately 44 miles of roads and streets.

The accounting and reporting policies of the City conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (LRS) 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The City holds the corporate powers of the organization.
- The City appoints a voting majority of the organization's board.
- The City is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit / burden on the City.
- There is a fiscal dependency by the organization on the City.

Based on the aforementioned criteria, the City has no component units.

B. Basic Financial Statements – Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety (police and fire), streets, drainage, sanitation, culture / recreation, public improvements, planning and zoning, and general and administrative services are classified as governmental activities. The City's water and sewer utility services are classified as business-type activities.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

Statement of Net Position – In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

Statement of Activities – The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reports capital-specific grants and contributions.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures / expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures / expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

Governmental Funds – The focus of the governmental funds' measurement (in the fund statements) is the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these governmental funds and fund types:

General Fund – The General Fund is the general operating fund of the City. This fund is used to account for and report all financial transactions and resources except for those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditure for specified purposes. The 1965 Sales Tax Fund is considered to be a major fund. The

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

Firemen Pay Millage Fund, Policemen Pay Millage Fund, Equipment Millage Fund, and Mausoleum Trust Fund are considered to be non-major funds.

Permanent Fund – Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The Cemetery Endowment Fund is considered to be a non-major fund for reporting purposes.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Proprietary Funds – Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business-type activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation.

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. The City's Water Enterprise Fund and Sewer Enterprise Fund account for the operations of providing water services and sewer services, respectively.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds, including General, Special Revenue, and Permanent Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Capital assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balances.

The government-wide Statement of Net Position and Statement of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the balance sheet or on the statement of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The fund financial statements of the General, Special Revenue, and Permanent Funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within forty-five days of the fiscal year end. Levies made prior to the fiscal year end, but which are not available are deferred. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

The Statement of Net Position, the Statement of Activities, and financial statements of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

E. Budgets and Budgetary Accounting

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their budgets over the course of the year for a variety of reasons. The City's original budget is shown along with the comparison of the final budget and actual results.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Mayor, with the assistance of the Finance Manager, prepares a proposed budget and submits this budget to the City Council no later than fifteen days prior to the beginning of each fiscal year.
- A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2014, was published timely in the official journal of the City.
- A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing was held on the proposed budget for the year ended June 30, 2014 on June 10, 2013.
- After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The proposed budget for the year ended June 30, 2014, was adopted on June 12, 2013.
- Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the City Council. The budget for the year ended June 30, 2014, was amended on June 9, 2014.
- Budgets for the General and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
- The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General Fund and 1965 Sales Tax Fund present actual expenditures in accordance with accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

F. Cash, Cash Equivalents, and Investments

The City's cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the City may also invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair value using published market values.

G. Short-Term Interfund Receivables / Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from / due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables / payables. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

I. Inventory

The City utilizes the "purchase method" of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The City did not record any inventory at June 30, 2014, as the amount is immaterial.

J. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements, to the extent the City's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Although an exception exists for local governments with annual revenues of less than \$10 million, the City has elected to report its infrastructure retroactively. Interest incurred during construction is capitalized on a government-wide basis. Interest attributable to capitalized assets as of June 30, 2014, was immaterial.

Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Infrastructure is capitalized by estimate using current replacement cost for a similar asset and deflating this cost through the use of price indices to the acquisition year. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City does not require that the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land,

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in the results of operations.

K. Long-Term Obligations

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

L. Compensated Absences

The City's policy is to allow employees vacation pay based on employee classification and length of service. Sick leave is provided for by the City but is noncumulative and the employee's right to unused sick leave does not vest. Vacation pay is cumulative with any unpaid amounts paid to employees upon separation from the City's service. The current portions of the governmental funds' compensated absences liabilities are recorded as accrued liabilities in the General Fund and Enterprise Funds.

M. Net Position

In the government-wide and proprietary fund statements, equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

N. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

3. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

O. Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

P. Sales and Use Taxes

Sales taxes are collected by the Tangipahoa Parish School Board and remitted to the City in the month following receipt by the School Board.

- The original 1965 1% sales and use tax passed by the voters is to be used for extending, acquiring, maintaining, constructing, and improving drainage, streets, sidewalks, public buildings, fire department stations and equipment, and maintaining and operating garbage collection facilities. There is no expiration date on this sales and use tax.
- The additional 1982 1% sales and use tax passed by the voters is to be used for extending, acquiring, maintaining, constructing, and improving sewers and sewer facilities, waterworks facilities, drainage and drain facilities, and for any other lawful corporate purpose of the City. There is no expiration date on this sales and use tax.

Q. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at year-end. See Note 1 for the procedures the City follows regarding budgets and budgetary accounting. The City did not comply with the Local Budget Act in adopting and amending its budget for the year ended June 30, 2014, as actual expenditures in General Fund exceeded budgeted expenditures by more than the 5% allowed by State law.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

B. Deposits, Investment Laws, and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3, regarding cash and cash equivalents, and Note 4, regarding investments, the City was in compliance with the deposit and investment laws and regulations.

C. Deficit Fund Equity

As of June 30, 2014, no City funds had deficit fund balances.

3. Cash and Cash Equivalents

At June 30, 2014, the City had \$5,913,866 (book balance) in interest-bearing demand deposits as follows:

	Statement of Net Position
Cash and Cash Equivalents	\$ 5,786,772
Restricted Cash and Cash Equivalents	127,094
Total Interest-Bearing Deposits	\$ 5,913,866

These deposits are stated at cost, which approximates market.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$5,783,010 of the City's bank balance of \$6,033,010 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to the City and the fiscal agent bank.

Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

4. Investments

At June 30, 2014, the City had investments which include \$2,022,945 invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool, and \$401,838 in other securities.

In accordance with GASB Codification Section I50.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

Credit Risk: LAMP is rated AAAm by Standard & Poor's.

Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of Credit Risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 57 days as of June 2014.

Foreign Currency Risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Credit Risk

<u>Investment</u>	<u>Rating</u>	<u>Percentage</u>
LAMP	AAAm	83.52%
Fannie Mae (FNMA) Notes	AAA/Aaa/AAA	16.00%

The City does not have a formal investment policy regarding investment credit risk.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

Concentration of Credit Risk

The City has no formal limit on the amount the City may invest in any one issuer. More than 5% of the City's investments are in Fannie Mae Notes. These investments represent 16% of the City's total investments.

Interest Rate Risk

Investment	Maturity	Fair Value
FNMA Notes	08/29/19	\$ 300,470
FNMA Notes	10/04/19	99,198
Total		<u><u>\$ 399,668</u></u>

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

5. Accounts Receivable

Accounts receivable as of June 30, 2014 consist of the following:

	Governmental Funds		Proprietary Funds	
	General Fund	1965 Sales Tax Fund	Sewer	Water
Utility Receivable	\$ 78,451	\$ -	\$ 122,532	\$ 33,401
Less: Allowance for Doubtful Accounts	(41,848)	-	(48,951)	(6,011)
Utility Receivable, Net	36,603	-	73,581	27,390
 Grant Receivable	 11,992	 -	 -	 -
Sales Tax Receivable	349,438	349,438	-	-
Other Receivables	252,115	-	-	-
Total Receivables, Net	<u><u>\$ 650,148</u></u>	<u><u>\$ 349,438</u></u>	<u><u>\$ 73,581</u></u>	<u><u>\$ 27,390</u></u>

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

6. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the fiscal year ended June 30, 2014.

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets:				
Building Official	28,494	-	-	28,494
City Hall	1,178,196	8,716	(8,949)	1,177,963
Civil Defense	16,890	-	-	16,890
Community Center	1,290,621	5,975	-	1,296,596
Executive (Mayor)	7,218	9,596	-	16,814
Fire	453,707	-	-	453,707
Industrial Park	565,059	-	-	565,059
Judicial	39,044	-	-	39,044
Main Street Program	1,275	-	-	1,275
Miscellaneous Programs	132,759	-	-	132,759
Parks	441,554	30,377	-	471,931
Police	887,109	137,495	(24,392)	1,000,212
Public Works	101,494	69,999	(14,975)	156,518
Building - Sanitation	75,968	-	-	75,968
Streets and Roadways	1,852,833	-	-	1,852,833
Infrastructure	7,675,726	-	-	7,675,726
Total Capital Assets	14,747,947	262,158	(48,316)	14,961,789
Less: Accumulated Depreciation:				
Building Official	20,126	1,775	-	21,901
City Hall	631,768	36,137	(8,949)	658,956
Civil Defense	16,563	109	-	16,672
Community Center	883,789	49,445	-	933,234
Executive (Mayor)	5,088	1,501	-	6,589
Fire	243,946	14,972	-	258,918
Industrial Park	212,197	10,686	-	222,883
Judicial	34,691	1,444	-	36,135
Main Street Program	1,275	-	-	1,275
Miscellaneous Programs	42,358	2,812	-	45,170
Parks	265,095	22,487	-	287,582
Police	642,478	87,055	(16,599)	712,934
Public Works	61,205	4,701	(14,616)	51,290
Building - Sanitation	23,265	1,899	-	25,164
Streets and Roadways	775,977	72,307	-	848,284
Infrastructure	5,241,879	237,242	-	5,479,121
Total Accumulated Depreciation	9,101,700	544,572	(40,164)	9,606,108
Total Governmental Capital Assets, Net	<u>\$ 5,646,247</u>	<u>\$ (282,414)</u>	<u>\$ (8,152)</u>	<u>\$ 5,355,681</u>

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

Depreciation was charged to governmental functions as follows:

General Government	\$ 40,966
Public Safety	102,027
Public Works	316,149
Culture and Recreation	71,932
Community Development	10,686
Miscellaneous Programs	2,812
Total	<u>\$ 544,572</u>

The following is a summary of changes in capital assets for business-type activities for fiscal year ended June 30, 2014.

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 220,335	\$ 4,428	\$ -	\$ 224,763
Construction in Progress	1,995,496	479,401	(1,150,836)	1,324,061
Total Capital Assets Not Being Depreciated	2,215,831	483,829	(1,150,836)	1,548,824
Other Capital Assets:				
Sewer Utility	6,055,651	592,986	(15,896)	6,632,741
Wastewater Treatment	2,522,729	23,147	-	2,545,876
Water Administration	2,994,374	676,641	-	3,671,015
Water Utility	351,991	-	-	351,991
Total Other Capital Assets	11,924,745	1,292,774	(15,896)	13,201,623
Less: Accumulated Depreciation:				
Sewer Utility	2,347,031	231,937	(15,896)	2,563,072
Wastewater Treatment	1,357,394	59,916	-	1,417,310
Water Administration	1,400,535	68,066	-	1,468,601
Water Utility	111,069	12,228	-	123,297
Total Accumulated Depreciation	5,216,029	372,147	(15,896)	5,572,280
Total Other Capital Assets, Net	6,708,716	920,627	-	7,629,343
Total Business-Type Capital Assets, Net	<u>\$ 8,924,547</u>	<u>\$ 1,404,456</u>	<u>\$ (1,150,836)</u>	<u>\$ 9,178,167</u>

Property, plant, and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives as follows:

Water and Sewer Plant	50	Years
Buildings	40	Years
Equipment	3 - 20	Years
Infrastructure	25	Years

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

7. Employee Pension Plan

Municipal Employees' Retirement System of Louisiana

The City provides pension benefits for all of its full-time employees through a joint contributory, defined benefit pension plan in Municipal Employees' Retirement System of Louisiana (the "System").

The System was established by Act #356 of the 1954 regular session of the Legislature of the State of Louisiana, to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years of creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana.

Act #569 of the year 1968, established by the Legislature of the State of Louisiana, provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System of Louisiana, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B." Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The City elected to become a member of the System on June 27, 1966, and is a member of Plan B.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system, and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the City are not eligible for membership in the System.

Any member of Plan B can retire providing he meets one of the following criteria:

- Any age with thirty (30) years of creditable service.
- Age 60 with a minimum of ten (10) years of creditable service.
- Under age 60 with ten (10) years of creditable service and eligible for disability benefits.
- Survivor's benefits are available upon the death of a member who has credit for five (5) or more years of service and who is not eligible for normal retirement benefits.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. A member is vested after ten (10) years, but he must leave his accumulated contributions in the plan until retirement. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

entities, within the options available in the state statutes governing the System and within the actuarial constraints also in the statutes.

The contribution rate for employees is 5.00% of earnable compensation and is established by state statute. The employer contribution rate is 8.75% of members' earnings. The System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions; the remaining employer contributions are determined according to actuarial requirements and are set annually.

All employees of the City are also members of the Social Security System.

Trend Information

Pension Expenditures / Expenses

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
2012	\$ 62,409	100%
2013	\$ 68,100	100%
2014	\$ 76,286	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Firefighters' Retirement System of Louisiana

Beginning in August 2000, full-time fire employees of the City began participating in the Firefighters' Retirement System of Louisiana (the "Fire System"), a multiple-employer defined benefit public employee retirement system.

All City fire employees who participate in the Fire System shall be eligible for retirement with 25 years or more of creditable service at any age, 20 years or more of creditable service and is at least age 50, or 12 years or more of creditable service and is at least age 55. Retirement benefits are equal to $3\frac{1}{3}$ percent of average final compensation multiplied by the number of years of creditable service and is payable monthly for life. Average final compensation is the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service during which the earned compensation was the highest. Benefits are not considered fully vested until the employee has attained both the age and years of service requirements to be entitled to regular retirement benefits. The Fire System also provides death and disability benefits. Benefits are established by state statute.

The contribution rate for employees is 10.00% of earnable compensation and is established by state statute. The employer contribution rate is 28.25% of members' earnings.

All employees of the City are also members of the Social Security System.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

Trend Information

Pension Expenditures / Expenses

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
2012	\$ 52,254	100%
2013	\$ 62,135	100%
2014	\$ 73,164	100%

The Fire System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Fire System. That report may be obtained by writing to the Firefighters' Retirement System of Louisiana, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Municipal Police Employees' Retirement System of Louisiana

Beginning in July 2000, full-time police employees of the City began participating in the Municipal Police Employees' Retirement System of Louisiana (the "Police System"), a multiple-employer defined benefit public employee retirement system.

All City police employees who participate in the Police System shall be eligible for retirement with 25 years or more of creditable service at any age, 20 years or more of creditable service and is at least age 50, or 12 years or more of creditable service and is at least age 55. Retirement benefits are equal to 3⅓ percent of average final compensation multiplied by the number of years of creditable service and is payable monthly for life. Average final compensation is the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service during which the earned compensation was the highest. Benefits are not considered fully vested until the employee has attained both the age and years of service requirements to be entitled to regular retirement benefits. The Police System also provides death and disability benefits. Benefits are established by state statute.

The contribution rate for employees is 10.00% of earnable compensation and is established by state statute. The employer contribution rate is 31.00% of members' earnings.

Trend Information

Pension Expenditures / Expenses

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
2012	\$ 217,729	100%
2013	\$ 268,488	100%
2014	\$ 269,748	100%

The Police System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

8. Compensated Absences

At June 30, 2014, employees of the City have accumulated and vested \$73,398 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$62,595 is recorded as an obligation of the General Fund and \$10,803 is recorded in the Enterprise Funds. These amounts were included in accrued liabilities on the accompanying financial statements.

9. Long-Term Debt and Capital Lease Obligations

The City's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of June 30, 2014, the governmental long-term debt of the City consisted of the following:

\$126,314 capital lease payable to Ford Motor Credit dated January 1, 2011, due in 12 quarterly installments of \$11,364 through October 1, 2013, with an interest rate of 5.70%.	\$ -
\$136,405 capital lease payable to Ford Motor Credit dated October 29, 2013, due in 12 quarterly installments of \$12,192 through July 29, 2016, with an interest rate of 5.20%.	<u>102,921</u>
Total	<u>\$ 102,921</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

	Debt Payable 06/30/13	Increase in Debt	Debt Retired	Debt Payable 06/30/14
Capital Lease - 2011	\$ 11,205	\$ -	\$ 11,205	\$ -
Capital Lease - 2013	-	136,405	33,484	102,921
Total	<u>\$ 11,205</u>	<u>\$ 136,405</u>	<u>\$ 44,689</u>	<u>\$ 102,921</u>

The annual requirements to amortize outstanding debt at June 30, 2014, are as follows:

	Governmental Activities			
	Capital Lease		Total	
	Principal	Interest	Principal	Interest
06/30/15	\$ 44,270	\$ 4,498	\$ 44,270	\$ 4,498
06/30/16	46,616	2,152	46,616	2,152
06/30/17	12,035	157	12,035	157
Total	<u>\$ 102,921</u>	<u>\$ 6,807</u>	<u>\$ 102,921</u>	<u>\$ 6,807</u>

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

10. Interfund Receivables / Payables

The primary purpose of interfund receivables / payables is to loan monies between funds to cover current expenditures. All interfund receivables / payables are considered short-term, and are expected to be repaid within the next year. Individual fund balances due from / to other funds at June 30, 2014, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Firemen Pay Millage Fund	\$ -	\$ 853
Policemen Pay Millage Fund	-	3,558
Equipment Millage Fund	-	853
Sewer Enterprise Fund	51,004	-
Water Enterprise Fund	240,306	-
 Firemen Pay Millage Fund:		
General Fund	853	-
 Policemen Pay Millage Fund:		
General Fund	3,558	-
 Equipment Millage Fund:		
General Fund	853	-
 Sewer Enterprise Fund:		
General Fund	-	51,004
 Water Enterprise Fund:		
General Fund	-	240,306
Total All Funds	<u>\$ 296,574</u>	<u>\$ 296,574</u>

11. Interfund Transfers

Operating transfers between funds consist primarily of sales tax revenues transferred out of the special revenue funds to the particular funds for which the sales tax revenue is to be used. The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,717,000	\$ -
 Special Revenue Funds:		
1965 Sales Tax Fund	-	1,344,100
Firemen Pay Millage Fund	-	93,200
Policemen Pay Millage Fund	-	279,700
Total All Funds	<u>\$ 1,717,000</u>	<u>\$ 1,717,000</u>

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

12. Reserved, Restricted, and Nonspendable Fund Balances / Net Position

The balances of the reserved, restricted, and nonspendable fund balance / net position accounts of the City as of June 30, 2014, were as follows:

Nonspendable for Endowment Principal - Permanent Fund	\$ 54,907
Restricted for Mausoleum	40,756
Restricted for Dedicated Sales Tax Usage	1,459,179
Restricted for Firemen Pay	6,456
Restricted for Policemen Pay	24,632
Restricted for Safety Equipment	345,096
Total	\$ 1,931,026

13. Ad Valorem Taxes

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the Tangipahoa Parish Assessor on all property subject to taxation by the City except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years. The City bills and collects its own property taxes using the assessed values determined by the Tangipahoa Parish Tax Assessor, as follows:

Levy Date	June 10, 2013
Millage Rates Adopted	June 10, 2013
Tax Bills Mailed	November 12, 2013
Due Date	December 31, 2012
Lien Date	January 1, 2013

State law requires the City to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1st of the following year.

If taxes are not paid by the due date, taxes bear interest at the rate of 1¼% per month until the taxes are paid (LRS 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (LRS 47:2181). Therefore, there are no delinquent taxes at year-end.

All property taxes are recorded in governmental funds and recognized as revenues in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which, based on past experience, will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll.

All of the net taxes receivable at the end of the year are considered available. Available means due or past due, and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

available because they are substantially collected by the tax collector within 60 days subsequent to year-end and are, therefore, available to liquidate liabilities of the current period.

For the year ended June 30, 2014, taxes of 16.52 mills were levied on property with taxable assessed valuations totaling \$47,012,989 and were dedicated as follows:

	Authorized Millage	Levied Millage	Levied Taxes	Expiration Date
General Fund	6.52	6.52	\$ 306,525	-
Policemen Pay Millage Fund	6.00	6.00	282,078	2020
Firemen Pay Millage Fund	2.00	2.00	94,026	2020
Equipment Millage Fund	2.00	2.00	94,026	2020
Totals	16.52	16.52	\$ 776,655	

Levied taxes differ from the taxes collected because of the collection of interest and prior year taxes, as well as the existence of current year levied taxes that were not collected as of the end of the fiscal year.

14. On-Behalf Payments for Salaries and Benefits

During 1998, the City implemented GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, which requires the City to report in the financial statements on-behalf salary and fringe benefit payments made by the state to certain City employees.

Supplemental salary payments are made by the state directly to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For fiscal year 2014, the state paid supplemental salaries to the fire and police employees of the City. The City is required to pay from its own budget the payroll taxes and retirement contributions for these on-behalf payments.

On-behalf payments recorded as revenues and expenditures in the financial statements are as follows:

	State Supplemental Salaries
Firemen Supplemental Pay	\$ 35,539
Policemen Supplemental Pay	124,411
Total On-Behalf Payments	\$ 159,950

15. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2014, the City carried insurance through various commercial carriers to cover all risks of loss. The City had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2014

16. Prior Period Adjustment

A summary of prior period adjustments made to beginning fund balance were as follows:

	<u>General Fund</u>	<u>1965 Sales Tax Fund</u>
Beginning Fund Balance, Orignally Stated	\$ 4,138,836	\$ 1,134,686
To Adjust Prior Year Accounts:		
Sales Taxes Receivable	<u>122,514</u>	<u>122,514</u>
Beginning Fund Balance, Restated	<u>\$ 4,261,350</u>	<u>\$ 1,257,200</u>

The prior period adjustments were made to adjust the prior year accrual for sales tax receivables in the General Fund and in the 1965 Sales Tax Fund to actual.

Required Supplementary Information (Part II)

City of Ponchatoula, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended June 30, 2014

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Sales Taxes	\$ 1,362,000	\$ 1,419,000	\$ 1,553,119	\$ 134,119
Property Taxes	303,900	300,500	301,970	1,470
Intergovernmental Revenue	1,063,136	618,230	397,950	(220,280)
Licenses and Permits	567,500	643,300	645,413	2,113
Sanitation Service Fees	426,000	431,800	415,433	(16,367)
Franchise Fees	231,000	261,800	268,965	7,165
Fines and Forfeitures	147,100	135,000	140,721	5,721
Other Revenues	75,700	81,400	96,674	15,274
Interest Income	13,000	10,500	9,240	(1,260)
Total Revenues	<u>4,189,336</u>	<u>3,901,530</u>	<u>3,829,485</u>	<u>(72,045)</u>
Expenditures:				
Current:				
General Government	1,218,768	947,025	979,551	(32,526)
Public Safety	2,563,475	2,517,400	2,542,764	(25,364)
Public Works	2,389,115	1,247,300	1,285,942	(38,642)
Cemetery	36,675	37,600	38,101	(501)
Culture and Recreation	259,948	219,111	213,958	5,153
Community Development	8,430	5,732	6,664	(932)
Miscellaneous Programs	91,437	13,100	14,205	(1,105)
Total Expenditures	<u>6,567,848</u>	<u>4,987,268</u>	<u>5,081,185</u>	<u>(93,917)</u>
Excess (Deficiency) of Revenues over Expenditures	(2,378,512)	(1,085,738)	(1,251,700)	(165,962)
Other Financing Sources (Uses):				
Transfers In	1,717,000	1,717,000	1,717,000	-
Sale of Capital Assets	10,000	1,000	5,566	4,566
Total Other Financing Sources (Uses)	<u>1,727,000</u>	<u>1,718,000</u>	<u>1,722,566</u>	<u>4,566</u>
Change in Fund Balance	(651,512)	632,262	470,866	(161,396)
Fund Balance:				
Beginning of the Year, Originally Stated	5,127,943	5,259,988	4,138,836	(1,121,152)
Prior Period Adjustment	-	-	122,514	122,514
Beginning of the Year, Restated	<u>5,127,943</u>	<u>5,259,988</u>	<u>4,261,350</u>	<u>(998,638)</u>
End of the Year	<u>\$ 4,476,431</u>	<u>\$ 5,892,250</u>	<u>\$ 4,732,216</u>	<u>\$ (1,160,034)</u>

See independent auditor's report.

City of Ponchatoula, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – 1965 Sales Tax Fund
For the Year Ended June 30, 2014

Schedule 2

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Sales Tax	\$ 1,362,000	\$ 1,419,000	\$ 1,553,119	\$ 134,119
Investment Interest	3,300	3,300	2,229	(1,071)
Total Revenues	1,365,300	1,422,300	1,555,348	133,048
Expenditures:				
General Government:				
Collection Fees	8,900	9,200	9,269	(69)
Total Expenditures	8,900	9,200	9,269	(69)
Excess of Revenues over Expenditures	1,356,400	1,413,100	1,546,079	132,979
Other Financing Sources (Uses):				
Operating Transfers Out	(1,344,100)	(1,344,100)	(1,344,100)	-
Total Other Financing Sources (Uses)	(1,344,100)	(1,344,100)	(1,344,100)	-
Change in Fund Balance	12,300	69,000	201,979	132,979
Fund Balance:				
Beginning of the Year, Originally Stated	992,049	1,134,686	1,134,686	-
Prior Period Adjustment	-	-	122,514	122,514
Beginning of the Year, Restated	992,049	1,134,686	1,257,200	122,514
End of the Year	<u>\$ 1,004,349</u>	<u>\$ 1,203,686</u>	<u>\$ 1,459,179</u>	<u>\$ 255,493</u>

See independent auditor's report.

Other Supplementary Information

City of Ponchatoula, Louisiana
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2014

Schedule 3

	<u>Special Revenue Funds</u>				<u>Permanent Fund</u>	
	<u>Mausoleum Trust Fund</u>	<u>Firemen Pay Millage Fund</u>	<u>Policemen Pay Millage Fund</u>	<u>Equipment Millage Fund</u>	<u>Cemetery Endowment Fund</u>	<u>Total Non-Major Funds</u>
Assets						
Cash	\$ 66	\$ 5,603	\$ 21,074	\$ 344,243	\$ 14,956	\$ 385,942
Investments	40,690	-	-	-	39,951	80,641
Due from Other Funds	-	853	3,558	853	-	5,264
Total Assets	\$ 40,756	\$ 6,456	\$ 24,632	\$ 345,096	\$ 54,907	\$ 471,847
Liabilities & Fund Balance						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
Fund Balances:						
Nonspendable	-	-	-	-	54,907	54,907
Restricted	40,756	6,456	24,632	345,096	-	416,940
Total Fund Balances	40,756	6,456	24,632	345,096	54,907	471,847
Total Liabilities & Fund Balances	\$ 40,756	\$ 6,456	\$ 24,632	\$ 345,096	\$ 54,907	\$ 471,847

See independent auditor's report.

City of Ponchatoula, Louisiana
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – Non-Major Governmental Funds
For the Year Ended June 30, 2014

Schedule 4

	Special Revenue Funds				Permanent Fund	Total Non-Major Funds
	Mausoleum Trust Fund	Firemen Pay Millage Fund	Policemen Pay Millage Fund	Equipment Millage Fund	Cemetery Endowment Fund	
Revenues:						
Ad Valorem Taxes	\$ -	\$ 93,200	\$ 279,700	\$ 93,200	\$ -	\$ 466,100
Investment Interest	12	9	32	494	34	581
Total Revenues	<u>12</u>	<u>93,209</u>	<u>279,732</u>	<u>93,694</u>	<u>34</u>	<u>466,681</u>
Expenditures:						
Public Safety	-	-	-	196,544	-	196,544
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,544</u>	<u>-</u>	<u>196,544</u>
Excess (Deficiency) of Revenues over Expenditures	12	93,209	279,732	(102,850)	34	270,137
Other Financing Sources (Uses):						
Transfers Out	-	(93,200)	(279,700)	-	-	(372,900)
Proceeds from Capital Leases	-	-	-	136,405	-	136,405
Total Other Sources (Uses)	<u>-</u>	<u>(93,200)</u>	<u>(279,700)</u>	<u>136,405</u>	<u>-</u>	<u>(236,495)</u>
Change in Fund Balances	12	9	32	33,555	34	33,642
Fund Balances:						
Beginning of the Year	40,744	6,447	24,600	311,541	54,873	438,205
End of the Year	<u>\$ 40,756</u>	<u>\$ 6,456</u>	<u>\$ 24,632</u>	<u>\$ 345,096</u>	<u>\$ 54,907</u>	<u>\$ 471,847</u>

See independent auditor's report.

City of Ponchatoula, Louisiana
Schedule of Compensation of Paid Elected Officials
For the Year Ended June 30, 2014

Schedule 5

<u>Name and Address</u>	<u>Title</u>	<u>Term of Office</u>	<u>Compensation</u>
Robert F. Zabbia 211 North Seventh Street Ponchatoula, LA 70454 (985) 386-9892	Mayor	July 1, 2012 - June 30, 2016	\$ 76,207 *
Bry Layrisson 15 Weldon Circle Ponchatoula, LA 70454 (985) 386-5294	Chief of Police	July 1, 2012 - June 30, 2016	80,671 **
Braville LeBlanc 132 Braville Street Ponchatoula, LA 70454 (985) 386-0938	City Council District A	July 1, 2012 - June 30, 2016	9,600
Debra Hills 208 Methvin Drive Ponchatoula, LA 70444 (985) 634-1000	City Council District B	July 1, 2012 - June 30, 2016	9,600
Jeannemarie Pierson 301 South Eighth Street Ponchatoula, LA 70454 (985) 386-6461	City Council District C	July 1, 2012 - June 30, 2016	9,600
Melvin Toomer 495 S.E. 1-55 Service Road Ponchatoula, LA 70454 (985) 386-8186	City Council District D	July 1, 2012 - June 30, 2016	9,600
Vergil J. Sandifer 485 East Cypress Street Ponchatoula, LA 70454 (985) 386-8373	City Council District E	July 1, 2012 - June 30, 2016	9,600
Total			<u>\$ 204,878</u>

* Including benefits and vehicle allowance

** Including benefits, state supplemental pay, and vehicle allowance

See independent auditor's report.

**Other Independent Auditor's Reports and
Findings and Recommendations**

Durnin & James

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October 14, 2014

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Robert F. Zabbia, Mayor
and the Members of the City Council
City of Ponchatoula, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Ponchatoula, Louisiana's basic financial statements, and have issued our report thereon dated October 14, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ponchatoula, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ponchatoula, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ponchatoula, Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ponchatoula, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ponchatoula, Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink that reads "Durnin & James, CPAs". The signature is written in a cursive, flowing style.

Durnin & James, CPAs
(A Professional Corporation)

City of Ponchatoula, Louisiana
Current Year Audit Findings and Responses
For the Year Ended June 30, 2014

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

Management Letter Suggestions

None

City of Ponchatoula, Louisiana
Summary Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2014

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

Management Letter Suggestions

None